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Military Market

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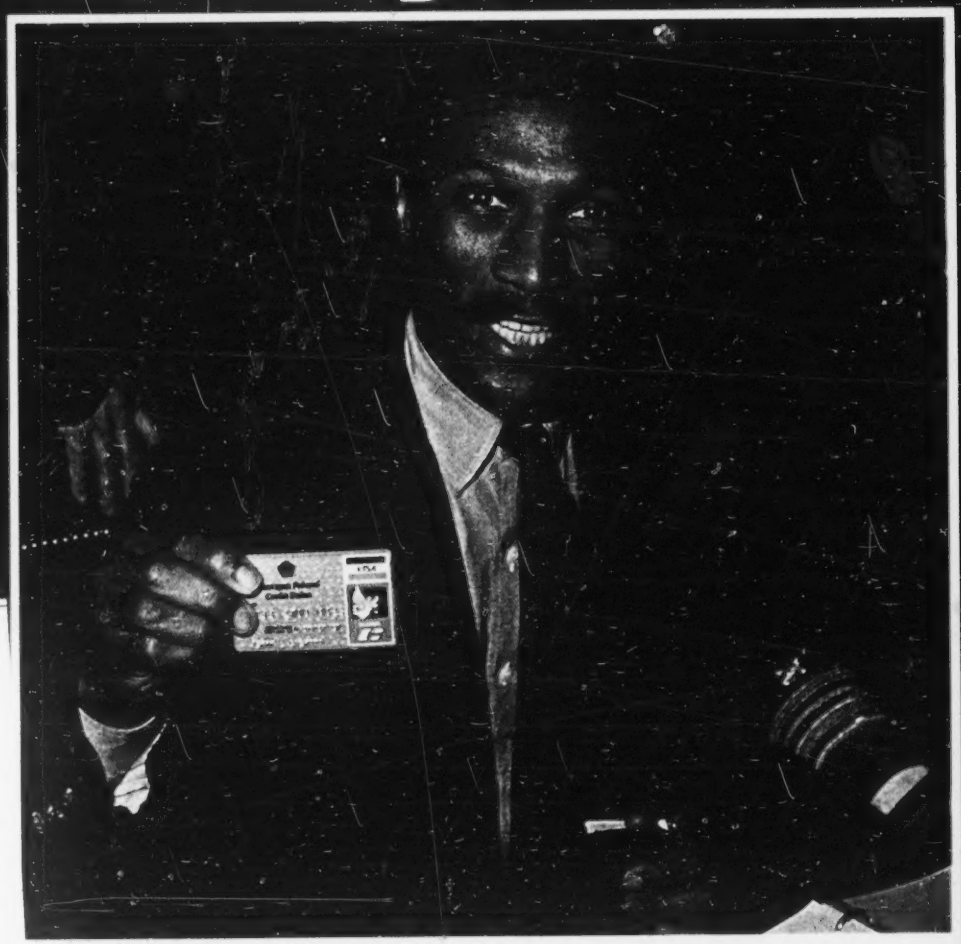
Credit Cards in the Exchanges

Finally...YES!



Jerry Calhoun, acting assistant secretary of defense (force management and personnel), argued for credit during Capitol Hill credit card hearings.

PLUS:

- How the Exchange Mail Order Catalog Is Put Together
- On the Scene at ALA's Annual Convention in Dallas
- A Personal Comment on State Department Cooperatives

Military Market

serving the military resale system

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COVER DESIGN BY GARNETT SULLIVAN

COVER PHOTO BY TRACY WOODWARD

The 38th Annual ALA Convention

People were pleased by last month's gathering in Dallas

By NANCY TUCKER
Editor

YOU CAN'T PLEASE all of the people all of the time. If you've ever attended an A.L.A. convention — or helped to plan one — you know how true that is.

But a lot of people were pleased by last month's tribal gathering in Dallas. The American Logistics Association's 38th annual convention, held in Dallas from October 6-9, pulled an unusual number of favorable comments. This month's survey was distributed to attendees on the final morning.

Generally speaking, respondents were happy with the status quo in both the business and the social parts of the convention.

Some credit for this may go to the site itself — the Loews Anatole, which housed President Reagan during the 1984 Republican national convention. "After this hotel," remarked one manufacturer, "we'll all be spoiled."

But if attendees liked the hotel, they weren't so happy with the length of the convention itself. "Too long," said several people. "Condense it into 2½ days."

But some folks found more than enough to do. "I had to have two meetings in the pool to get some relaxation," said one media representative from Germany.

More than anything else, what attendees seem to want is more time for business — more free time "to allow some 'phone time,' private meetings, etc.," sessions on marketing and "selling to the military," and problem-solving workshops where the services and industry can talk together. "Members of our company did not come to Dallas to be entertained, but to learn as much from the military as possible," said one manufacturer.

One suggestion on how to do this is the reinstitution of "individual service breakfasts," since the "current approach [of joint-service presentations] becomes introduction and basics review only." Other approaches include an increased number of special interest sessions, and more roundtable time with the various resale agencies.

"The most boring part," said a frequent attendee of ALA meetings, "has been the panel discussions. There's nothing new. I feel we are beating a dead horse with the same questions and answers."

Stressed an executive, who obviously paid a lot of money for his employees to attend: "I find it hard to exclude staff members [from the theme party and banquet], and they don't help my business. I want education and good business contacts for the money I spend."

But all work and no play makes Jack a dull boy — many enjoyed the social events. A good-sized number of party animals (*you know who you are*) even voted to have more company-sponsored hospitality suites. One said he liked this year's theme party (a combination barbeque, barn-dance and rodeo held at a local ranch), but noted that such activities "can take away from the interaction at the hospitality suites."

This year's convention attracted a record number of military and government participants — more than 170 out of a total 1,100. The effort and money spent to get them to Dallas was appreciated. Said one manufacturer: "Commanders, who allowed store managers to come, help communication and [business] contacts. More should do the same in the future." MM

[NOTE: Editor Nancy Tucker was a member of the convention steering committee.]

1 — Please indicate your employer: **Manufacturer — 67. Broker — 18. Distributor — 7. Military/government — 13. Other/not specified — 10.**

2 — Is this your first ALA national convention? **Yes — 25. No — 90.** If no, how many have you attended previously? **Answers ranged from 2 to 25. The average was 7.3.**

3 — Are other people from your company/organization attending this convention? **Yes — 89. No — 26.** If yes, how many others? **Answers ranged from 1 to 44. The average was 5.8.**

4 — Traditionally, ALA conferences begin on Sunday. Do you think they should begin on weekdays instead? **Yes — 49. No — 36. Doesn't matter — 30.**

5 — Do you think ALA convention locations are convenient for people from all areas of the country to attend? **Yes — 86. No — 7. Doesn't matter — 22.**

6. This year, the complete convention package (registration and tickets for all events) cost $450, if purchased early. How does this compare with others you attend? **Cost is higher — 41. Lower — 4. About the same — 45. No response — 22.**

7 — Do you want more/less/the same amount of the following types of programs:

	More	Less	Same
General business speakers	46	11	56
Congress/DoD speakers	25	18	70
Motivation speakers	46	13	56
Exchange presentations	26	27	56
Commissary presentations	31	21	61
Special breakfasts	9	26	81
Awards luncheons	3	34	77
Services' open houses	49	3	63

8 — Do you want more/less/the same amount of social programming:

	More	Less	Same
Cocktail receptions	17	11	87
Theme party	9	20	86
Company hospitality suites	26	8	78
Free time	38	6	70

9 — This year's timetable had special interest programs. What do you think of these? Want more — 40. Want less — 17. Want same amount — 56.

10 — Have you been able to accomplish the personal business you planned to do during this convention? **Yes — 84. No — 26. Don't know — 2.**

NOTE: A total of 115 surveys were returned. Not all respondents answered all questions.

Let Them Eat More Fiber

Whole grain, fiber and bran are the current stars on the breakfast table, as cereal makers follow the demographics and give the people what they want and need for better nutrition and good health.

By ANNE ROKETENETZ
Associate Editor

MORE BRAN, whole grain and high fiber cereals are pouring into the nation's breakfast bowls, as the growing 25-to-49 year old segment of the population carries its concern for good health into daily eating.

Some observers point to President Reagan's recent surgery for colon cancer as the biggest push the high fiber trend has gotten.

A spokeswoman for Nabisco, however, cites a larger awareness: "People look at cereals as something that fits into their diet. More people are trying to reduce fat, while increasing fiber."

Bill Kastor, military sales manager at General Mills, agrees that the market's strength lies in higher fibers and more nutritious whole grain cereals. "This segment has grown 33 percent faster than the rest of the market over the last five years or so."

Although the lead in the bran cereal segment is held by Kellogg's, with its All Bran, Bran Buds, 40 Percent Bran Flakes, Cracklin' Oat Bran and Fruitful Bran lines, other manufacturers have been jumping into the market.

General Mills' latest entries are Bran Muffin Crisp and Fiber One, a high fiber brand. Slightly sweetened with NutraSweet, Fiber One contains 12 grams of fiber per serving.

While it's still too early to predict the success of the new entries, warns Kastor, "We are trying to get into the niche that now accounts for about 15 percent of the business."

Nabisco's 80-year-old Shredded Wheat brand, says a company spokeswomen, has been extended to include Shredded Wheat and Bran. These cereals passed market tests begun last November, and the company is now moving ahead with their national distribution. The original version of Shredded Wheat holds fifth place in the $4 billion ready-to-eat market.

Many manufacturers have added dried fruits and nuts to their cereals — to spice them up. In August, Ralston Purina introduced Almond Delight, a wheat and rice flake cereal laced with sliced almonds.

Just Right, a multigrain cereal from Kelloggs, is available nationally in regular corn, rice, whole wheat and whole oat flavor, or with raisins, sliced almonds and chopped dates.

General Foods readies promotion of two new versions of its Fruit & Fibre line. Mountain Trail combines high fiber flakes with coconut, peanuts, pineapple and raisins; Harvest Medley offers a blend of flakes with almonds, apples and raisins.

Don't Forget the Kids

To maintain their shelf spaces, makers of presweetened cereals continue to create cereals, based on licensed characters and media idols, marketed to kids under nine.

General Mills' Kastor notes that presweetened cereals are struggling, and he admits that his company's presweetened lines have been "soft for at least the last three to four years." Kastor and others say one cause is that the number of children under nine is declining.

Recent licensed-character cereals include Ralston Purina's Rainbow Brite cereal, based on the Hallmark Card character, and Cabbage Patch Kids Cereal. Cabbage Patch Kids contains less sugar than many popular adult cereals, notes company spokesman Ron Peynor, and anywhere from one-third to one-quarter less sugar than other presweetened cereals.

In August, Ralston deployed its G.I. Joe Action Stars Cereal nation-wide. Aimed at boys aged four through 12, the cereal is made of wheat, rice, corn and oats and hyped as a cereal "for every red-blooded American boy."

Although General Foods met frustration last year with its introduction of a NutraSweet-sweetened version of presweetened Post Alpha Bits, Ralston has decided to try the idea too. The company has rolled out its Sun Flakes line, promoting it as "a great new flake with a great new taste."

Quaker Oats, also dabbling in the NutraSweet jar, has used it to cut the sugar by half in its Halfsies brand.

Popular Hot Cereals Get Facelifts

Traditional hot breakfasts are as popular as ever, remarks Eileen Thompson, marketing manager for hot cereals at Quaker Oats, despite the fact that the market has been flat for the last three years.

To stir sales, the company has revamped and repackaged its Sunmaid Instant Breakfast line, adding two new flavors — mixed fruit and raisin nut.

One of the most popular hot cereals is the instant variety pack available in plain, in maple brown sugar and in new apple raisin walnut.

Quaker has also added apple, raisin and spice and raisins and cinnamon to its Quick Oats line. Thompson says that research has shown that many oatmeal eaters are adding these extra ingredients at home. By adding them during manufacturing, the company increases the product's convenience.

The new Quick Oats flavors are scheduled for distribution on the West Coast first, heading east in the next year. "We're real excited about these two because of the strong consumer reaction we found when they were tested," says Thompson. MM

Cold Cereals—Top 10 In Volume

(Figures are market share.)

Brand	1984 pounds	1984 dollars	1983 pounds	1983 dollars
Corn Flakes	6.8	4.7	6.8	4.7
Frosted Flakes	5.6	5.2	5.2	4.8
Cheerios*	5.2	5.5	5.5	5.8
Raisin Bran	4.5	4.0	4.6	4.1
Chex	4.3	4.6	4.3	4.4
Shredded Wheat	4.0	3.3	4.0	3.1
Rice Krispies	3.5	3.8	3.6	3.9
Post Raisin Bran	2.7	2.1	3.0	2.5
Cap'n Crunch	2.7	3.2	2.9	3.5
Honey-Nut Cheerios	2.6	2.9	2.3	2.6
Total	41.9	39.3	42.2	39.4

* Cheerios dropped to third place in volume last year, but remained No. 1 in dollars.
Source: John C. Maxwell, Jr., of Furman Selz Mager Dietz & Birney, New York.

Military Market index

COMMISSARIES

		JULY			YEAR TO DATE		
		CY'85	CY'84	% CHANGE	CY'85	CY'84	% CHANGE
	CONUS	$177,001	$141,186	21.12%	$1,082,522	$1,050,703	3.03%
	OVERSEAS	5,112	28,483	–82.05%	179,473	207,815	–13.64%
AIR FORCE*	TOTAL	**176,113**	**169,669**	**3.80%**	**1,261,995**	**1,258,518**	**0.28%**
	CONUS	104,685	101,430	3.21%	743,925	736,155	1.06%
	OVERSEAS	30,870	31,080	–0.68%	217,245	228,795	–5.05%
ARMY	TOTAL	**135,555**	**132,510**	**2.30%**	**961,170**	**964,950**	**-0.39%**
	CONUS	54,621	53,673	1.77%	437,044	420,056	4.04%
	OVERSEAS	5,960	6,460	–7.74%	48,669	49,392	–1.46%
NAVY	TOTAL	**60,581**	**60,133**	**0.75%**	**485,713**	**469,448**	**3.46%**
	CONUS	13,539	12,607	7.39%	98,102	91,106	7.68%
	OVERSEAS	270	219	23.29%	1,760	1,444	21.88%
MARINE CORPS	TOTAL	**13,809**	**12,826**	**7.66%**	**99,862**	**92,550**	**7.90%**
	CONUS	259	210	23.33%	1,827	1,612	13.34%
	OVERSEAS	248	310	–20.00%	2,043	1,902	7.41%
COAST GUARD	TOTAL	**507**	**520**	**–2.50%**	**3,870**	**3,514**	**10.13%**
	CONUS	$344,105	$309,106	11.32%	$2,363,420	$2,299,632	2.77%
ALL	OVERSEAS	$42,460	$66,552	–36.20%	$449,190	$489,348	–8.21%
COMMISSARIES	TOTAL	**$386,565**	**$375,658**	**2.90%**	**$2,812,610**	**$2,788,980**	**0.85%**
GROCERY STORES	U.S.[1]	$22.516	$21.546	4.50%	$150.821	$144.854	4.21%

* Air Force data has been adjusted to reflect the transfer of Alaskan commissaries from the Pacific Region to the California Region due to AFCOMS reorganization, thus accounting for the large percentage change.

EXCHANGES

		JULY			YEAR TO DATE		
		CY'85	CY'84	% CHANGE	CY'85	CY'84	% CHANGE
	CONUS	$239,121	$231,364	3.35%	$1,626,940	$1,591,159	2.25%
	OVERSEAS	152,197	154,476	–1.48%	1,061,070	1,083,235	–2.05%
AAFES	TOTAL	**391,318**	**385,840**	**1.42%**	**2,688,010**	**2,678,394**	**0.51%**
	CONUS[2]	83,021	83,317	–0.36%	596,443	593,272	0.53%
	OVERSEAS[2]	33,687	37,414	–9.96%	250,792	252,288	–0.59%
NAVY	TOTAL[2]	**116,708**	**120,731**	**–3.33%**	**847,235**	**845,560**	**0.20%**
	CONUS	28,694	27,199	5.50%	197,222	190,980	3.27%
	OVERSEAS	5,231	4,952	5.63%	34,066	33,269	2.40%
MARINES	TOTAL	**33,925**	**32,151**	**5.52%**	**231,288**	**224,249**	**3.14%**
	CONUS[3]	6,561	6,136	6.93%	45,621	42,438	7.50%
	OVERSEAS[3]	510	836	–39.00%	3,548	5,367	–33.89%
COAST GUARD	TOTAL[3]	**7,071**	**6,972**	**1.42%**	**49,169**	**47,805**	**2.85%**
	CONUS[4]	876	995	–11.96%	7,931	8,861	–10.50%
	OVERSEAS[4]	3,294	3,962	–16.86%	21,828	27,661	–21.09%
MAIL ORDER	TOTAL[4]	**4,170**	**4,957**	**–15.88%**	**29,759**	**36,522**	**–18.52%**
	CONUS	$358,273	$349,011	2.65%	$2,474,157	$2,474,157	1.96%
	OVERSEAS	$194,919	$201,640	–3.33%	$1,371,304	$1,401,820	–2.18%
ALL EXCHANGES	TOTAL	**$553,192**	**$550,651**	**0.46%**	**$3,845,461**	**$3,828,530**	**0.44%**
DEPARTMENT STORES	U.S.[1]	$9.741	$9.268	5.10%	$67.268	$64.086	4.97%

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard.
NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.